

Message Text

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ORIGIN NEA-10

INFO OCT-01 EUR-12 ISO-00 COME-00 TRSE-00 L-03 EB-08

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DRAFTED BY USDOC:JHEARN:NEA/RA:DTMORRISON:YW

APPROVED BY NEA/RA:SEPALMER

COM/AGC/DIBA:KKNOWLES

COM/DAS/DC:SMARCUSS

COM/BIC/CAGNE:PHALE

TREASURY/GC:BPALMER

L/NEA:MPEAY

R/NE:EDJEREJIAN

-----078769 040952Z /13

R 032015Z AUG 77

FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS

UNCLAS STATE 182247

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: ARAB BOYCOTT: INTERPRETATION OF CFR 369

REF: BRUSSELS A-110

1. UNDER PRESENT COMMERCE DEPARTMENT EXPORT ADMINISTRATION REGULATIONS, (CFR-369) U.S. DOMESTIC CONCERNS ARE OBLIGED IN CERTAIN CIRCUMSTANCES TO REPORT RECEIPT OF BOYCOTT REQUESTS RECEIVED BY THEIR FOREIGN SUBSIDIARIES OR AFFILIATES. FOR EXAMPLE, IF FOREIGN SUBSIDIARY RECEIVES ORDER CONTAINING BOYCOTT REQUEST AND ORDER IS TO BE FILLED BY U.S. PARENT FIRM, RECEIPT OF BOYCOTT REQUEST BY SUBSIDIARY MUST BE REPORTED BY THE U.S. PARENT. ALSO, IN MORE GENERAL UNCLASSIFIED

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CONTEXT, IF U.S. PARENT HAS KNOWLEDGE THAT GOODS IT IS EXPORTING TO ITS FOREIGN SUBSIDIARY WILL BE REEXPORTED TO BOYCOTTING COUNTRY, U.S. PARENT MUST REPORT ANY BOYCOTT REQUESTS RECEIVED BY ITS SUBSIDIARY RELATING TO SUCH GOODS.

2. ON THE OTHER HAND, BOYCOTT REQUESTS RECEIVED BY

FOREIGN SUBSIDIARIES ARE NOT REPORTABLE BY U.S. PARENT
IF: (1) SUBSIDIARY RECEIVES BOYCOTT REQUEST IN
CONNECTION WITH SALE OF GOODS FROM ITS OWN STOCKS

OF GOODS WHICH ARE MANUFACTURED ABROAD (I.E., NOT MANUFACTURED IN THE UNITED STATES) OR (2) IF SUBSIDIARY FILLS ORDER FROM A STOCK OF U.S.-MADE GOODS PREVIOUSLY ACQUIRED BY THE SUBSIDIARY FOR RESALE TO ANY AND ALL POSSIBLE DESTINATIONS WITHOUT REFERENCE TO SPECIFIC ORDERS.

3. NEW ANTI-BOYCOTT PROVISIONS OF EXPORT ADMINISTRATION ACT AMENDMENTS OF 1977 (REF B) DIRECT THE PRESIDENT TO ISSUE NEW RULES AND REGULATIONS (1) PROHIBITING U.S. PERSONS, WITH RESPECT TO THEIR ACTIVITIES IN U.S. INTER-STATE OR FOREIGN COMMERCE, FROM TAKING ACTIONS WITH INTENT TO COMPLY WITH, SUPPORT OR FURTHER UNSANCTIONED FOREIGN BOYCOTTS, AND ALSO (2) REQUIRING ANY U.S. PERSON RECEIVING A BOYCOTT REQUEST TO REPORT RECEIPT OF REQUEST AND ACTION TAKEN ON SUCH REQUEST TO THE DEPARTMENT OF COMMERCE. U.S. PERSON IS DEFINED IN NEW AMENDMENTS TO INCLUDE FOREIGN SUBSIDIARIES AND AFFILIATES CONTROLLED IN FACT BY DOMESTIC CONCERN, AS DETERMINED UNDER REGULATIONS TO BE ISSUED. THUS REGULATORY CONTROL OVER BOYCOTT-RELATED ACTIVITIES OF FOREIGN SUBSIDIARIES AND AFFILIATES WILL BE EXTENDED UNDER NEW REGULATIONS BEYOND THAT CONTEMPLATED UNDER PRESENT REGULATIONS. MORE UNCLASSIFIED

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DEFINITIVE POSITION MUST AWAIT PROMULGATION OF NEW REGULATIONS.

4. UNDER TREASURY DEPARTMENT NOVEMBER 4, 1976 GUIDELINES, CERTIFICATION THAT GOODS NOT OF ISRAELI ORIGIN OR THAT OWN COMPANY OR SUPPLIER COMPANIES NOT BLACKLISTED WOULD NOT APPEAR TO BE COVERED BY TAX REFORM ACT ANTI-BOYCOTT PROVISIONS. TREASURY GUIDANCE DOES NOT RPT NOT DEAL WITH CASES OF CERTIFICATION THAT CARRYING VESSELS OR INSURANCE COMPANIES NOT BLACKLISTED. BELIEVE FIRMS WOULD BE ILL ADVISED TO ASSUME THAT CERTIFICATION RE VESSELS OR INSURERS WOULD HAVE NOADVERSETAX CONSEQUENCES. (ASSUME REFERENCE TO VESSELS IS NOT TO ROUTINE-TYPE WAR RISK CLAUSES.)

5. SINCE SUBSTANTIAL NUMBER OF FIRMS INVOLVED IN BUSINESS TRANSACTIONS IN MOST BOYCOTTING COUNTRIES HAVE BEEN ABLE TO WORK OUT TRANSACTIONS WITHOUT USE OF BOYCOTT CLAUSES OR CONDITIONS, WE BELIEVE U.S. SUBSIDIARY WELL ADVISED TO SEEK TO DO SAME. CHRISTOPHER

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Message Attributes

Automatic Decaptoning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Sent Date: 03-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: JHEARN:NEA/RA:DTMORRISON:YW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770279-0503
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197708100/aaaadhdml.tel
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Litigation History:
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Message ID: cbb08c4e-c288-dd11-92da-001cc4696bcc
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Original Classification: UNCLASSIFIED
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Review Exemptions: n/a
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Secure: OPEN
Status: NATIVE
Subject: ARAB BOYCOTT: INTERPRETATION OF CFR 369
TAGS: ETRD
To: BRUSSELS
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Margaret P. Grafeld
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